

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING
Whether there has been a violation
of the Business Opportunity Fraud Act of the
State of Washington by:

Teleking Communications Corporation, Frank
Schreiber, Kathy DeLuglis, Jeff Kuba, its agents
and employees,

Respondents.

S-02-356-03-FO01

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL ORDER
TO CEASE AND DESIST

Case No. S-02-356

THE STATE OF WASHINGTON TO:

Teleking Communications Corporation
Frank Schreiber, President
11900 Biscayne Boulevard, Suite 620
Miami, Florida 33181

On February 4, 2003, the Securities Administrator of the state of Washington issued Summary Order to Cease and Desist S-02-356-02-TO01 hereinafter referred to as "Summary Order."

The Summary Order, together with a Notice of Opportunity to Defend and Opportunity for Hearing (hereinafter referred to as "Notice of Opportunity for Hearing") and an Application for Adjudicative Hearing (hereinafter referred to as "Application for Hearing") thereon, were served on Respondents via certified mail on February 11, 2003. The Notice of Opportunity for Hearing advised Respondents that they had twenty days from the date they received the notice to file a written application for an administrative hearing on the Summary Order. Respondents, Teleking Communications Corporation, Frank Schreiber,

ENTRY OF FINDINGS OF FACT AND
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DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760

1 Kathy DeLuglis, and Jeff Kuba, each failed to request a hearing within 20 days. The Securities
2 Administrator therefore adopts as final the findings of fact and conclusions of law as set forth in the
3 Summary Order to Cease and Desist.

4 **FINDINGS OF FACT**

5 I. Respondents

6 1. Teleking Communications Corporation ("Teleking") is a Florida corporation with a
7 principal place of business at 11900 Biscayne Boulevard, Suite 620, Miami, Florida 33181. Teleking
8 offers a business opportunity selling pre-paid telephone cards.

9 2. Frank Schreiber ("Schreiber") was the president of Teleking at all times relevant to the
10 matter.

11 3. Kathy DeLuglis ("DeLuglis") was a sales representative for Teleking at all times relevant
12 to this matter.

13 4. Jeff Kuba ("Kuba") was a sales representative for Teleking at all times relevant to this
14 matter.

15 II. Nature of the Offering

16 5. In May 2002, Teleking placed an advertisement on a television broadcast that was viewed
17 by Washington residents. The advertisement informed viewers of the opportunity to become a pre-
18 paid telephone card distributor. This advertisement caused at least one Washington resident to contact
19 Teleking to obtain further information.

20 6. The Washington resident called 1-866-444-4112, spoke with a sales representative, and
21 requested more information. The Washington resident received a package of information from
22

1 Teleking. The package contained a "Purchase Order", descriptions of the business opportunity and
2 products, a location lease agreement, and a self-addressed envelope.

3 7. Within a few days, the Washington resident received a telephone call from Kathy
4 DeLuglis, a sales representative for Teleking. DeLuglis told the Washington resident that the cost to
5 become a distributor was \$12,150. Further, Teleking had 20 locations in the local area where the
6 Washington resident could place the telephone card displays. The Washington resident told DeLuglis
7 that the price was too high.

8 8. A short time later, Jeff Kuba, another sales representative, called the Washington resident
9 and said that Teleking would drop the required investment to \$6,150 because the demand for the
10 telephone cards was so great in the area. For that price, the purchaser would receive four display cases
11 and a supply of telephone cards. Further, Teleking would provide the purchaser with a locating
12 service.

13 9. Kuba instructed the Washington resident in filling out the "Purchase Order". He
14 instructed the Washington resident to fill in name, address, birthday, telephone number, number of
15 display cases, and the value of the telephone cards to be delivered. Under the section titled "special
16 provisions", Kuba instructed the purchaser to write: "Teleking will provide all locations, posters and
17 rate charts for life of business." He then instructed the purchaser to place the purchase order and the
18 check in an envelope. Kuba then contacted Federal Express to pick up the envelope at the
19 Washington resident's home.
20

21 10. In June 2002, the Washington resident received the shipment of telephone cards. The
22 Washington resident called Teleking and spoke with his "locator", a woman named Lisa. Lisa told the
23 Washington resident that the cards had been activated. On June 19, 2002 Lisa gave the Washington
24

1 resident the names of four local businesses. The Washington resident placed a supply of telephone
2 cards at one business location, but when the cards were sold to customers, the customers then
3 complained that the cards had not been activated.

4 11. Teleking, DeLuglis, and Kuba failed to provide the Washington resident with a business
5 opportunity disclosure document and recent financial statements for Teleking Communications
6 Corporation.

7 III. Registration

8 Teleking Communications Corporation, Frank Schreiber, Kathy DeLuglis, and Jeff Kuba are not
9 currently registered to sell business opportunities in the state of Washington and have not previously
10 been so registered.

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13 Based upon the above Findings of Fact, the following Conclusions of Law are made:

14 CONCLUSIONS OF LAW

15 I.

16 The offer and/or sale of the pre-paid telephone card business opportunity offered by Teleking
17 described above constitutes the offer and/or sale of a business opportunity as defined in RCW
18 19.110.020(1).

19 II.

20 The offer and/or sale of said business opportunity is in violation of RCW 19.110.050 because no
21 registration or notification of claim of exemption for such offer and/or sale is on file with the
22 Administrator of Securities, state of Washington.

III.

The offer and/or sale of said business opportunity was made in violation of RCW 19.110.120 because Respondents, Teleking Communications Corporation, Frank Schreiber, Kathy DeLuglis, Jeff Kuba, their agents and employees, failed to provide material information concerning Teleking Communications Corporation; including but not limited to disclosure documents and financial statements for Teleking Communications Corporation.

FINAL ORDER

Based on the foregoing, NOW, THEREFORE, IT IS HEREBY ORDERED that Respondents, Teleking Communications Corporation, Frank Schreiber, Kathy DeLuglis, Jeff Kuba, its owners, principals, officers, agents and employees, each cease and desist from offering and/or selling business opportunities in any manner in violation of RCW 19.110.050(1), the section of the Business Opportunity Fraud Act requiring registration.

It is further ORDERED that, Teleking Communications Corporation, Frank Schreiber, Kathy DeLuglis, Jeff Kuba, its owners, principals, officers, agents and employees, each cease and desist from offering and/or selling business opportunities in any manner in violation of RCW 19.110.120, the anti-fraud provisions of the Business Opportunity Fraud Act, respectively.

This order is issued pursuant to RCW 19.110.150 and is subject to the provisions of Chapter 34.05 RCW.

1 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

2 DATED this 31 day of March 2003.

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5 DEBORAH R. BORTNER
6 Securities Administrator

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8 Presented by:

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11 Susan H. Anderson
12 Financial Legal Examiner

13 Approved by:

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15 Michael E. Stevenson
16 Chief of Enforcement

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